

**COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS**

State of New Mexico
DFA - Financial Control Division
Bataan Memorial Building, Rm. 166
407 Galisteo
Santa Fe, NM 87501

DATE: June 15, 2010
FILING REF.: The preceding agreement was dated:
November 4, 2009 G16666

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibit A, attached, are approved on a fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during your fiscal year ended June 30, 2010 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

SECTION II: BILLED COSTS

In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

1. State Auditor
2. Department of Information Technology
 - Human Resources System (Statewide Human Resources, Accounting and Management Reporting System, effective July 1, 2009)
 - Office of Information Processing
 - Telecommunications Bureau
 - Radio Bureau
3. Transportation Service Division
 - State Transportation Pool
 - State Aircraft Pool
 - New Mexico State University Aircraft (removed effective July 1, 2005)
4. State Printing Office
5. Risk Management Division
 - Group Insurance Premium Stabilization
 - Public Liability Insurance
 - Surety Bond
 - State Unemployment Compensation
 - Workers' Compensation
 - Public Property Reserve
 - Employee Assistance Program
6. PERA Building (removed effective July 1, 2007)
7. PERA
8. Office of Recovery and Reinvestment (ARRA) (effective July 1, 2009)

STATE/LOCALITY: State of New Mexico

AGREEMENT DATE: June 15, 2010

SECTION III: CONDITIONS

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

A. LIMITATIONS: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under OMB Circular A-87. (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.

B. ACCOUNTING CHANGES: This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from allocated cost to a billed cost. Failure to obtain approval may result in cost disallowances.

C. FIXED AMOUNTS: If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.

D. BILLED COSTS: Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by OMB Circular A-87, will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.

E. USE BY OTHER FEDERAL AGENCIES: This Agreement was executed in accordance with the authority in OMB Circular A-87, and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

BY THE STATE/LOCALITY

BY THE COGNIZANT AGENCY
ON BEHALF OF THE FEDERAL GOVERNMENT

State of New Mexico
(STATE/LOCALITY)

DEPARTMENT OF HEALTH AND HUMAN SERVICES
(AGENCY)

(SIGNATURE)

(SIGNATURE)

(NAME)

Wallace Chan
(NAME)

(TITLE)

Director, Division of Cost Allocation
(TITLE)

June 15, 2010 (DATE)
(DATE)

HHS Representative Kitty Unti
Telephone (415) 437-7820